

Message Text

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15

ACTION EA-07

INFO OCT-01 ISO-00 EB-05 RSC-01 DRC-01 /015 W

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R 140827Z FEB 74

FM AMEMBASSY TAIPEI

TO USDOC WASHDC

INFO SECSTATE WASHDC 938

UNCLAS TAIPEI 0933

E.O. 11652: N/A

TAGS: BEXP, TW

SUBJECT: MARKET POTENTIAL FOR AMERICAN CONSUMER GOODS

REF : TAIPEI A-21 OF 2/8/74, TAIPEI 834 AND 607, TAIPEI

A-184 OF 10/4/73, TAIPEI A-235 OF 12/27/73

SUMMARY: DESPITE SMALL SIZE OF MARKET AND RAPID INFLATION, AMERICAN CONSUMER PRODUCTS HAVE FAIRLY GOOD MARKET POTENTIAL FOR FUTURE SALES ON TAIWAN. THE EMBASSY RECOMMENDS FURTHER PROMOTION EFFORTS TO HELP NEW FIRMS ESTABLISH A Foothold. END SUMMARY.

1. US CONSUMER PRODUCTS HAVE ESTABLISHED A MARKET IN TAIWAN. FAR EASTERN'S IN-STORE PROMOTION AND EFFORTS OF LOCAL AGENTS FOR RCA, GE AND OTHER AMERICAN CONSUMER PRODUCT MANUFACTURERS HAVE PROVED COMPETITIVENESS OF US PRODUCTS DESPITE HIGHER PRICES. US REPUTATION FOR HIGHER QUALITY AND MORE SOPHISTICATED TECHNOLOGY APPEARS TO BE FORCING LOCAL FIRMS TO IMPROVE THEIR OWN PRODUCTS. A LEADING TV MANUFACTURER IS BEGINNING TO PRODUCE A REMOTE CONTROL DEVICE TO COMPETE WITH RCA AND SONY REPORTEDLY SOON WILL BEGIN MARKETING IMPORTED TVS. A HIGHER STANDARD OF LIVING AND MORE LEISURE TIME ARE INDUCING UPPER AND MIDDLE CLASSES TO PURCHASE MORE DO-IT-YOURSELF TOOLS, APPLIANCES AND RECREATION PRODUCTS.

2. DURING PAST SIX MONTHS, PHILCO AND SYLVANIA, IN ADDITION TO RCA, HAVE INTRODUCED THEIR TVS. RCA ALSO IS SELLING HI-FI EQUIPMENT. ADMIRAL WILL BEGIN TV SALES IN

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MARCH. GE, WHIRLPOOL AND KELVINATOR HAVE BEGUN TO SELL

MAJOR APPLIANCES. LOCAL RCA AGENT SOON WILL BEGIN IMPORTING AMANA REFRIGERATORS AND EDISON APPLIANCES. HOWEVER, MANY OF THE AGENTS FOR THESE FIRMS STILL HAVE DISTRIBUTION PROBLEMS AND REPORTEDLY HAVE NOT HAD THE SUCCESS RCA'S AGENT HAS ENJOYED.

3. RECENT RAPID INCREASE IN COST OF LIVING, HOWEVER, HAS DAMPENED SOMEWHAT THE OUTLOOK FOR SALES OF IMPORTED LUXURY PRODUCTS. PRICES OF NECESSITIES (GAS, ELECTRICITY, RICE, ETC.) HAVE GONE UP 50-100 PERCENT DURING PAST MONTH. DEPARTMENT STORE SALES SUFFERED FOR A SHORT PERIOD BUT SEEM TO HAVE RECOVERED. PRESIDENT OF FAR EASTERN, WHO RECENTLY DEPARTED ON BUYING MISSION TO US AND EUROPE, FELT THAT THE RISE IN THE COST OF LIVING - AROUND 30 PERCENT - SINCE THE END OF CHINESE NEW YEARS WOULD AFFECT THE SALES OF IMPORTED CONSUMER PRODUCTS BUT NOT GREATLY. RCA'S LOCAL AGENT REPORTS DEMAND FOR FOREIGN CONSUMER PRODUCTS ACTUALLY MAY EVEN INCREASE AND EXTRA TVS HAVE BEEN IMPORTED TO MEET ANTICIPATED SALES DURING FEB/MARCH.

4. ANOTHER CAVEAT THAT MUST BE MENTIONED IS THAT TAIWAN'S POPULATION ONLY TOTALS 15 MILLION PEOPLE, WHOSE ANNUAL PER CAPITA INCOME IS LESS THAN US\$500. THIS NATURALLY LIMITS THE SALES POTENTIAL NO MATTER HOW GREAT THE DEMAND.

5. NEVERTHELESS EMBASSY BELIEVES NEW AMERICAN CONSUMER PRODUCTS WILL BE WELL RECEIVED AND SLOWLY WILL DEVELOP A SMALL BUT GROWING SHARE OF THE MARKET. IN-STORE PROMOTIONS AND TRADE CENTER EXHIBITIONS WILL AUGMENT LOCAL AGENTS PROMOTION EFFORTS; RAPIDLY RISING PRICES OF LOCALLY PRODUCED CONSUMER PRODUCTS ALSO WILL HELP OFFSET HIGHER PRICES OF IMPORTED PRODUCTS DUE TO FREIGHT, DUTIES, ETC. MCCONAUGHY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 14 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TAIPEI00933
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740231/aaaabdbp.tel
Line Count: 94
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: TAIPEI A-21 OF 2/8/74, TAIPEI 834 AN, D 607, TAIPEI
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 08 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 MAR 2002 by elbezejf>; APPROVED <29 NOV 2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MARKET POTENTIAL FOR AMERICAN CONSUMER GOODS
TAGS: BEXP, TW
To: n/a
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005